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Forman Mills opens in Pontiac, other under-served areas

Lauren Abdel-Razzaq, The Detroit News 9:55 p.m. EDT March 26, 2015



(Photo: Todd McInturf / The Detroit News)

Pontiac — A long struggling shopping center near the dead Summit Place Mall on North Telegraph is getting some new life with the grand opening of a Forman Mills Clothing Factory Warehouse.

The 88,000-square-foot store opened Thursday in a building that used to be a Mervyn's retailer but has been empty since 2006. At the same time, the discount retailer is officially launching its Southfield store, even though it has been in a "soft open" phase since November.

It's part of a bigger push for the company as it seeks to take advantage of cheaper real estate in under-served areas and changing customer sentiment.

“Everyone wants a bargain now,” said founder and CEO Rick Forman. “It’s cool to save money.”

As the region recovers from the recession, discount retailers like Forman Mills have found success. There’s really no longer any middle ground between discount stores, like Wal-Mart, Kmart and Kohl’s and higher-end stores like Nordstrom, said Ken Dalto, a Farmington Hills retail analyst. Those in the middle, like Macy’s, are struggling as more shoppers look for bargains and the quality of discount merchandise improves.

“Everything’s changed and that’s why these people will do well,” said Dalto. “The consumers have changed, the real estate values have changed, the under-served markets have changed and the discounters are doing their homework”.

The Pennsauken, New Jersey-based retailer has been particularly successful because the company targets real estate deals where property owners are desperately looking for big anchor stores, said Dalto.

“They are getting good deals on the rent, areas where property values are lower,” he said. “Many property owners are looking for these stores because they are large and they take up a lot of space.”

Retailer draws other retailers

Forman said property owners like his stores because they can encourage other stores to come in.

“If we can get in there with cheap real estate, it’s a win-win,’ he said. “The landlord uses us to attract new retailers. It’s a whole revitalization.”

Forman, who was recently featured on an episode of CBS’s “Undercover Boss,” got his start in 1977 when he was 17, selling odds and ends at a Philadelphia flea market. By the end of the first summer, he and his friends bought out a T-shirt stand where they started printing different logos and sayings.

They were doing OK, but then they got the idea to sell three T-shirts for \$5.

“That was the magic. That for us was the epiphany,” he said.

Forman took that idea of selling discounted items in bulk and started his first Forman Mills store. He uses eye-catching tactics and sales pitches to bring people in. His storefronts are bright yellow. Ads encourage customers to “stretch those bills.” His commercials feature the well-known “Forman Mills” call. And it’s not unusual to find deals like 10 pairs of sweatpants for \$10.

He now has 35 stores in nine states and Washington, D.C. In Michigan, they include the Pontiac and Southfield locations as well as two Detroit locations, one in Flint and one in Highland Park.

He says he's looking to add seven to 10 more stores to his profile this year, and, in Michigan, he's looking into areas like Redford, Taylor, Dearborn and Livonia.

Shopper likes prices, styles

Although the Pontiac store at the Oakland Pointe Shopping Center didn't officially open until today, the store was open Thursday and already doing brisk business.

Chris Day and his friend Bernard Dawson of Hazel Park stopped by to check out the merchandise.

"I could go to the mall, and for the same amount of money, I could buy one thing, where I could buy five (here)," he said.

The last big anchor store in the area was the Sears and the shuttered Summit Place, which closed just after Christmas.

The Southfield Plaza store, which has been open since November to take advantage of holiday shoppers, is in a 55,000-square-foot building that used to be a Marshalls. Each site will probably end up having about 125 employees, Forman said.

In addition to making money selling in bulk by offering deep discounts, Forman is also known for giving back to the community. He recently offered a voucher program for students at a school near the Detroit location. The students were able to use their vouchers to shop for warm weather clothing.

Forman also spends time working with students who want to become entrepreneurs. He shows them the ropes of working with buyers, designers and manufacturers. Most of all, he tells them to do something and, whatever it is, be the best at it.

"Make a great product, work hard, show up and get disciplined, and you're going to get recognized," he said. "You're going to create your own success."